



MICHIGAN

To: Honorable Members of the House Tax Policy Committee
From: Charles Owens, State Director
Date: June 14, 2017
RE: Senate Bills 242, 243 and 244 – “Good Jobs for Michigan” legislation

We are writing to express our opposition to Senate Bills 242, 243 and 244 that would create a new mechanism of employer payroll withholding tax capture to divert revenue to selected companies approved by the Michigan Strategic Fund.

While we do not doubt the good intentions behind this legislation, they are a distraction and departure from the successful fiscal policies that have dramatically improved Michigan’s overall economic climate for all businesses and citizens of our state.

Targeted tax handouts to select industries and individual companies through the MEGA program, and refundable tax credits baked into the Michigan Business Tax, were the hallmark of the failed Granholm administration and Michigan’s lost decade. Even now, current budgets are stressed trying to account for billions of dollars given away during the last big “good jobs” program.

Much research has been provided showing that these programs are of negligible long term impact when it comes to jobs created and other metrics. It is disappointing to see the legislature drift back toward these quick fix economic development programs while broad based overall tax reform has been proven to be the better approach.

Often, companies that are lured into our state by targeted tax incentives end up being direct competitors to established businesses that have been in the state for years providing jobs and paying taxes without special treatment or tax breaks. Job creation analysis from these programs rarely accounts for the job displacement that can occur under these circumstances.

In the future, when state budgets are stressed due to an economic downturn and tax revenues have been diverted to private companies, all Michigan business and citizens will end up picking up the tab for the shortfall through general tax increases and/or budget cuts.

Again, we ask you to vote NO on Senate Bills 242, 243 and 244 and we thank you for your support of Michigan’s small business owners.